

CHAPTER – III : STATE EXCISE

3.1 Results of audit

Test check of the records of the state excise offices, conducted during the year revealed non/short realisation of establishment charge, non-payment of licence fee, loss due to warehouse going dry, non/short realisation of excise duty etc., amounting to Rs. 1.14 crore in 30 cases which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Non/short realisation of establishment charge	3	0.08
2.	Non-payment of licence fee	2	0.03
3.	Loss due to warehouse going dry	1	0.02
4.	Non/short realisation of excise duty	1	0.02
5.	Other irregularities	23	0.99
Total		30	1.14

A few illustrative cases involving Rs. 14.32 lakh are mentioned in the following paragraphs.

3.2 Short realisation of import permit fee

The Government of Assam, Excise Department in their notification dated 7 September 2005 revised the rate of import permit fee on India made foreign liquor (IMFL) at Rs. 90 per case. The revised rate came into force with effect from 9 September 2005.

Test check of the records of the Superintendent of Excise (SE), Tezpur in August 2007 revealed that 10 import permits for 16,470 cases of IMFL were issued between 9 September and 28 September 2005 on realisation of permit fee of Rs. 7.81 lakh at the pre-revised rates against Rs. 14.82 lakh realisable as per the revised rates. This resulted in short realisation of import permit fee of Rs. 7.01 lakh.

After the case was pointed out, the SE stated in August 2007 that the short realisation was due to delay in receipt of Government notification. The reply is silent regarding the action taken to recover the balance dues from the permit holders. Further reply has not been received (October 2008).

The case was reported to the department and the Government in January 2008; their replies have not been received (October 2008).

3.3 Non-recovery of establishment cost

Under the provisions of the Assam Distillery Rules, 1945, the Commissioner of Excise shall appoint such officer and establishment as he thinks fit to the charge of a distillery. The distillery shall pay to the Government at the end of each calendar month such establishment charges, the cost of which shall include pay as well as leave salary and pension contribution in respect of the excise official(s) attached to the distillery.

Test check of the records of the SE, Tinsukia in September 2007 revealed that one distillery and bottling industry¹ did not pay the establishment charges of Rs. 2.86 lakh in respect of the official appointed to the charge of the distillery for the period from March 2005 to August 2007. No demand was raised by the department to recover the dues from the licensee till September 2007. This resulted in non-recovery of establishment charges of Rs. 2.86 lakh.

After the case was pointed out, the SE, Tinsukia stated (September 2007) that demand notice would be served on the defaulter. A report on further development has not been received (October 2008).

The case was reported to the department and the Government in January 2008; their replies have not been received (October 2008).

¹ M/s Gayetri Distilleries and Bottling Industries, Leipuli, Tinsukia.

3.4 Non-realisation of renewal fee of ‘brand and label’ of IMFL product

The Government of Assam, Excise Department by a notification dated 21 March 1997 prescribed the rates for different ‘brands and labels’ of IMFL products of various sizes. As per the notification, the manufacturing units were required to pay the renewal fee at the rate as prescribed in advance.

Test check of the records of one distillery and bottling plant² under the SE, Tinsukia in September 2007 revealed that though the brand and label of 15 different sizes of bottles relating to 12 varieties of IMFL were renewed during 2007-08 yet no action was taken by the SE to realise it from the licensee. This resulted in non-realisation of advance renewal fee of Rs. 2.25 lakh as mentioned in Annexure-II.

After the case was pointed out, the SE in September 2007 stated that the matter would be brought to the notice of the higher authority. A report on further development has not been received (October 2008).

The case was reported to the department and the Government in January 2008; their replies have not been received (October 2008).

3.5 Non-realisation of advance gallonage fee

Under the Assam Excise (Amendment) Rules, 2005, notified on 18 March 2005, the holder of a retail foreign liquor (RFL) ‘off’ licence is required to pay a gallonage fee on the permitted quantity prior to the issue of import permit or pass at the rate of Rs. 6 per bulk litre (Rs. 54 per case) and Rs. 4 per bulk litre (Rs. 31.20 per case) in the case of IMFL and beer respectively. This fee is in addition to the annual lump fee.

Test check of the records of the SE, Dhubri in July 2007 revealed that 27 permits were issued 27 RFL ‘off’ licensees between 18 March 2005 and 29 March 2005. Although import permits/passes for 3,416 cases of IMFL and 1,150 cases of beer were issued by the licence issuing authority, yet advance gallonage fee was not levied and realised from the licence holders. This resulted in non-realisation of gallonage fee of Rs. 2.20 lakh as mentioned in Annexure-III.

After the case was pointed out, the SE stated (July 2007) that demand notice would be served for realisation of gallonage fees. A report on further development has not been received (October 2008).

The case was reported to the department and the Government in November 2007; their replies have not been received (October 2008).

² M/s Gayetri Distilleries and Bottling Industries Pvt. Ltd., Laipuli, Tinsukia.